



integration



innovation



collaboration

The Next Generation of Energy Efficiency in California



The Next Generation of Energy Efficiency

Led by the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC), as well as Governor Schwarzenegger and the State Legislature, California has embarked upon a bold new plan to achieve maximum energy savings throughout the state and aggressively reduce global warming pollution. A series of major decisions by regulators and policy makers began in 2007, setting the framework for the next generation of energy efficiency through integration, innovation, and collaboration.

Energy efficiency – getting more work out of less energy — is the highest priority resource in California to meet the state’s growing energy needs in a clean, low cost manner. California has been a national leader in saving energy for decades and state law requires utilities to invest in energy efficiency whenever it is cheaper than building new power plants or transmission lines.

Unlike the majority of U.S. states, investor-owned utilities in California have no disincentive to encourage energy conservation, since their revenues are not tied to the amount of energy sold.

Under California’s long-standing “decoupling” policy, revenues are “decoupled” from total energy use, and utilities retain their expected earnings even as energy efficiency programs reduce sales.

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“Decoupling Plus”

The CPUC adopted an unparalleled decision in September of 2007 that further motivates investor-owned utilities (IOUs) to help their customers use less energy. Known as “Decoupling Plus,” the decision establishes a new system of incentives and penalties to financially reward the utilities for designing and delivering cost-effective energy efficiency programs.

Decoupling Plus offers a way for utilities to view energy efficiency as a core part of operations and capable of producing meaningful revenue. Utilities that do a good job helping customers become more energy efficient can generate earnings for shareholders comparable to procuring “steel-in-the-ground” supply-side resources or building new power generation facilities.

This innovative “carrot and stick” approach is designed to drive IOUs beyond California’s aggressive 10-year energy savings targets. At the same time, the plan protects ratepayers’ financial investment, ensures that program savings are real and verified, and enforces penalties for substandard performance.

Green Buildings

Through his Green Building Initiative, Governor Schwarzenegger has committed California to leading by example in improving the energy and environmental performance of existing and new state-owned buildings. This Initiative, Executive Order S-20-04, and the accompanying Green Building Action Plan, calls for public buildings to be 20 percent more energy efficient by 2015 and encourages the private sector to do the same.



Another groundbreaking decision, adopted unanimously by the CPUC on October 18, 2007, presents a new foundation for energy efficiency and demand-reducing programs to achieve extensive energy savings through collaboration and long-term strategic planning. The decision directs investor-owned utilities to work with publicly-owned utilities, state agencies, and other stakeholders to prepare an Energy Efficiency Strategic Plan for the period 2009-2020, with a focus on four “Big Bold” savings goals:



All new residential construction in California will be zero net energy by 2020

1



All new commercial construction in California will be zero net energy by 2030

2



The Heating, Ventilation, and Air Conditioning (HVAC) industry will be reshaped for optimal equipment performance

3



All eligible low-income homes will be energy-efficient by 2020

4

The Plan establishes a strategy for achieving and exceeding aggressive state energy efficiency and emissions reduction goals, by leveraging industrial, commercial and residential sector efforts. The leadership of the California Energy Commission, working to constantly improve the state's building and appliance standards, plays an essential role in ensuring newly constructed buildings can be zero net energy by 2020 for residences and 2030 for commercial buildings when combined with distributed generation. For more information on the strategic planning effort, visit www.CaliforniaEnergyEfficiency.com.

Efficient Lighting

The most comprehensive efficient lighting bill of its kind in the United States was signed by Governor Schwarzenegger in October 2007. This bill— Assembly Bill 1109 —requires reductions in energy usage for lighting, encourages the use of more efficient lighting technologies,

reduces hazardous waste in lighting and increases recycling opportunities. It tasks the California Energy Commission with reducing lighting energy usage in indoor residences and state facilities by no less than 50%, by 2018, as well as requires a 25% reduction in commercial facilities by that same date.

Energy Efficiency Web Portal

The CPUC strategic planning decision also directs the development of an Energy Efficiency Web Portal that provides vehicle for real-time information exchange with national and international policy-makers and leaders in energy efficiency. This web portal will serve as one integrated point of access to a magnitude of energy efficiency information. This new tool will be an interactive, multi-media resource valuable to government agencies, businesses, investors, energy practitioners and consumers. It will highlight the latest innovation in energy efficiency and facilitate significant action to fight global warming through best practices in energy efficiency across the globe.

It is essential to make energy efficiency
the standard for smart business
and a lifestyle for consumers.

This new framework will also maximize the impact of consumer outreach to save energy and reduce emissions across energy efficiency, demand-response, advanced metering and California Solar Initiative programs. California's action now to ensure extensive energy savings in the future will safeguard against damage to state's economy and environment by global warming.



California Public Utilities Commission

The California Public Utilities Commission (CPUC) plays a key role in making California a national and international leader on a number of clean energy related initiatives and policies designed to benefit consumers, the environment, and the economy. The CPUC regulates privately owned electric, telecommunications, natural gas, water, railroad, rail transit, and passenger transportation companies, in addition to authorizing video franchises. Five Governor-appointed Commissioners serve to ensure safe and reliable services at just and reasonable rates, protect consumers against fraud, and promote the economy of the state.



www.cpuc.ca.gov

California Energy Commission

The California Energy Commission (CEC) is California's primary energy policy and planning agency. Created in 1974 and headquartered in Sacramento, the Commission has responsibility for activities that include forecasting future energy needs, promoting energy efficiency through appliance and building standards, and supporting renewable energy technologies.



www.energy.ca.gov